

**IOWA AGRICULTURAL
DEVELOPMENT DIVISION**

IADD BOARD MEETING MINUTES

**Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
February 22, 2017**

Board Members Present

Lyle Borg, Chair John Fredrickson
Mark Leonard, Vice Chair Annette Townsley

Board Members Absent

Stacie Euken

Staff Members Present

Austin Moore, IADD Intern Debra VanRheenen, Accounting Manager
Tammy Nebola, IADD Program Specialist

Others Present

Dave Claypool, Dorsey & Whitney

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Borg on February 22, 2017 at 8:31 am. A quorum was established with the following Board Members present: Borg, Leonard, Fredrickson and Townsley.

REVIEW OF MINUTES OF JANUARY 25, 2017 BOARD MEETING

Mr. Borg presented the minutes of the January 25, 2017 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the minutes of the January 25, 2017 IADD Board meeting.

REVIEW OF JANUARY 2017 FINANCIAL STATEMENT

Debbie VanRheenen presented the January 2017 financials. She stated that for FY17 year-to-date, IADD had operating income of \$341,817 operating expense of \$317,215 and net operating income of \$24,602.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously approved the January 2017 financial statement as presented.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0231 - Benjamin J. & Ashley L. Klocke. The LPP application is for \$150,000. The borrower will purchase 4.5 acres and a 2,400 Hd Hog Facility. Total project cost is \$670,000. The bank is Iowa Savings Bank in Coon Rapids.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard, the Board unanimously approved the loan participation for Benjamin J. & Ashley L. Klocke subject to receiving a personal guaranty from his father and an assignment of the feeding contract.

P0232 - Robbie J. & Emily A. Phillips. The LPP application is for \$150,000. The borrower will purchase 5 acres and construct a 2,480 Hd Hog Facility. Total project cost is \$735,000. The bank is Luana Savings Bank in Luana.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the loan participation for Robbie J. & Emily A. Phillips subject to the borrower making an additional down payment amount of \$10,000 totaling \$60,000 down and an assignment of the feeding contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on a closed BFLP project:

Resolution 04692M – Cornelius and Jaclyn Schelling – American State Bank in Sioux Center is the lender. The amendment will increase the current interest rate from 4.10% to 4.30% and fix for five years until March 1, 2022 at which time the rate will adjust to the original index of 75% of American State Bank's Base Rate and be adjustable annually thereafter. Due to the loan being paid ahead the annual payment amount will decrease from \$607.85 to \$550.29 beginning on March 1, 2017. All other loan terms will remain the same.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolution.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 17-009 – Mark E. and Ashley C. Liston – Beginning farmer loan of \$324,800 to purchase approximately 80 acres of agricultural land in Hardin County. The loan will have a 4.10% variable interest rate and a loan length of 30 years. The index will be fixed for 20 years then adjust to 0.50% above Wall Street Journal Prime Index. The lender is Luana Savings Bank in Clive, Iowa.

AG 17-010 – Daniel D. and Elissa J. Berding – Beginning farmer loan of \$206,400 to purchase approximately 70 acres of agricultural land in Worth County. The loan will have a 3.95% variable interest rate and a loan length of 30 years. The index will be fixed for ten years then 2.00% over the 5 year Treasury. The lender is First Citizens Bank in Mason City, Iowa.

AG 17-011-I – James P. and Mary J. Heldorfer – Beginning farmer loan of \$409,193 to purchase approximately 77.13 acres of agricultural land in Kossuth County. The loan will have a 4.00% variable interest rate and a loan length of 20 years. The index will be fixed for ten years then 150 Basis Points over a 10 year US Treasury Note rate; Rate ceiling 6.00%; Rate floor 3.50%. The lender is Jane Walker in Spearfish, Iowa.

AG 17-012 – Wade Stange – Beginning farmer loan of \$176,111 to purchase an undivided 1/2 interest of approximately 199 acres of agricultural land in Chickasaw County. The loan will have a 3.40% variable interest rate and a loan length of 30 years. The index will be 85% of State Bank's five year mortgage rate. The lender is State Bank in New Hampton, Iowa.

AG 17-013 – Todd Stange – Beginning farmer loan of \$176,112 to purchase an undivided 1/2 interest of approximately 199 acres of agricultural land in Chickasaw County. The loan will have a 3.40% variable interest rate and a loan length of 30 years. The index will be 85% of State Bank's five year mortgage rate. The lender is State Bank in New Hampton, Iowa.

AG 17-014 – James Ambers – Beginning farmer loan of \$208,000 to purchase approximately 138 acres of agricultural land in Marion County. The loan will have a 4.65% variable interest rate and a loan length of 30 years. The index will be 1.50% below the Iowa State Savings Bank Commercial Real Estate Rate. The lender is Iowa State Savings Bank in Knoxville, Iowa.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board approved the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on February 22, 2017 at 8:56 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:57 am.

MOTION

On a motion by Ms. Townsley and a second by Mr. Leonard, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Tammy Nebola presented a summary of the Beginning Farmer Tax Credit applications. There were 10 new BFTC applications for an estimated tax credit amount of \$40,324.84. She noted that of those, 8 are cash rent one is crop share and one is a hybrid lease.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

BEGINNING FARMER TAX CREDIT CHANGES

Tammy Nebola presented a summary of the Beginning Farmer Tax Credit requested changes. There were 10 requests, 4 to reduce the cash rent, 2 to reduce acres and enroll land in CRP, one to terminate the lease, one to swap acres, one to change asset owner and switch from crop share to cash rent and one to switch from cash rent to crop share.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change requests.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Tammy Nebola reviewed some of the recent events that were attended. She also discussed some upcoming events and encouraged the board members to attend one of the regional workshops if their schedules allowed.

OTHER BUSINESS

IMPROVEMENTS TO LPP CRITERIA

Tammy Nebola explained that staff has been trying to think of ways to streamline the LPP process, we have done a lot of brainstorming to create ways to make the program more efficient. Staff would like the board to review the recommendations for discussion at the March board meeting.

Ms. Townsley asked if staff was satisfied with the Beginning Farmer Loan Program (BFLP) fees before we made a change to match the Loan Participation Program (LPP) fees to that program. Tammy Nebola stated that the BFLP fee was satisfactory for the process but part of the change would remove the tiered rate to a flat 1.50% on the total bond so that would increase the total BFLP fee volume.

BFTC EXCEPTION

Ms. Townsley asked if there had been any additional correspondence about the requested BFTC exception. Tammy Nebola informed her that Steve Ferguson had not followed up with the project to inform them that an exception will not be made. Once he follows up he will inform the board of any additional correspondence. Ms. Townsley stated she appreciated the detail that

was provided so the Board and staff were all on the same page and consistent with any responses.

LPP FUNDING SOURCE

Mr. Fredrickson asked if there was any additional information about finding a funding source for the Loan Participation Program. Tammy Nebola stated that although no decisions have been made or details discussed we do believe there is a cash source here at Iowa Finance Authority that we may be able to utilize for the program. Mr. Borg asked that we provide an update or additional details at the March Board Meeting.

NEXT IADD BOARD MEETING


The March IADD Board meeting will be Wednesday, March 22, 2017 at 9:30 am, at the Iowa Finance Authority office.

ADJOURNMENT


On a motion by Ms. Townsley and a second by Mr. Fredrickson, the February 22, 2017 meeting of the IADD Board of Directors adjourned at 9:14 am.

Dated this 22nd day of March, 2017.

Respectfully submitted:


Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:


Lyle Borg, Chair
IADD Board